

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 10685 01 OF 02 281643Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 /058 W
-----113514 281750Z /47

R 281631Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5615
INFO AMCONSUL BELFAST
AMCONSUL EDINBURGH

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 10685

E.O. 11652: N/A
TAGS: PINT, PGOV, UK
SUBJECT: LIBERALS STAKE OUT BARGAINING POSITION

REF: LONDON 10614

SUMMARY - LIBERAL LEADER DAVID STEEL MET WITH PRIME MINISTER CALLAGHAN JUNE 27 TO ADVISE HIM OF THE CONDITIONS THE LIBERALS ARE DEMANDING IN RETURN FOR RENEWAL OF THEIR POLITICAL PACT WITH THE GOVERNMENT. STEEL PRESENTED A TEN-POINT PACKAGE OF "THEMES", THE DETAILS OF WHICH WILL HAVE TO BE WORKED BETWEEN THE TWO PARTIES. THE PACKAGE WAS THE PRODUCT OF A SPECIAL, AND REPORTEDLY SOMEWHAT DIVISIVE, MEETING OF LIBERAL MPS AND PEERS HELD ON JUNE 26. ONCE THE DETAILS ARE WORKED OUT, THE RESULTING AGREEMENT WOULD BE SUBJECT TO RATIFICATION BY BOTH THE LIBERAL AND LABOR PARLIAMENTARY BLOCS. ALTHOUGH THE GOVERNMENT CANNOT BE EXPECTED TO ACCEDE TO ALL OF THE LIBERAL DEMANDS, STEEL'S PACKAGE SEEMS TO OFFER A REASONABLE BASIS FOR NEGOTIATION. SOME PROCEDURAL DELAYS MAY BE EXPECTED BUT WE CONTINUE TO BELIEVE THAT THE PACT WILL BE EXTENDED FOR THE NEXT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 10685 01 OF 02 281643Z

SESSION OF PARLIAMENT. END SUMMARY.

1. LIBERAL LEADER STEEL JUNE 27 MET WITH PRIME MINISTER CALLAGHAN TO DISCUSS EXTENDING THE GOVERNMENT/LIBERAL POLITICAL ACCORD AND TO APPRISE HIM OF THE LIBERAL PRICE FOR EXTENSION. THE MEETING, WHICH THE PRESS CHARACTERIZED AS CORDIAL, REPORTEDLY LASTED AN HOUR

AND CONSISTED LARGELY OF STEEL EXPLAINING THE LIBERAL VIEWS ON A TEN-POINT PACKAGE OF "THEMES", MOST OF WHICH THE LIBERALS HOPE TO SEE INCORPORATED IN THE QUEEN'S SPEECH AND SUBSEQUENTLY EMBODIES IN GOVERNMENT DRAFT LEGISLATION. THE THEMES, AS REPORTED IN THE PRESS, ARE:

-- A THIRD STAGE OF INCOMES POLICY (STEEL REPORTEDLY RECOGNIZED THAT ANY AGREEMENT WILL BE LOOSER THAN THE LIBERALS WOULD);

-- LEGISLATION FOR DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT, WITH A GOVERNMENT RECOMMENDATION THAT THESE ELECTIONS BE CONDUCTED UNDER A SYSTEM OF PROPORTIONAL REPRESENTATION;

-- REVISED LEGISLATION TO DEVOLVE POWER TO ELECTED ASSEMBLIES IN SCOTLAND AND WALES;

-- A BILL ON INDUSTRIAL DEMOCRACY WHICH PROVIDES FOR THE PARTICIPATION OF EMPLOYEES WHO DO NOT BELONG TO UNIONS;

-- A BILL TO "REVIVE THE DYING ROLE OF PRIVATE LANDLORDS";

-- STRENGTHENED ANTI-MONOPOLY LEGISLATION;

-- TAX REVISIONS AND ADDITIONAL INCENTIVES FOR ENTERPRISE;

-- NEW CIVIL RIGHTS LEGISLATION INCORPORATING APPEAL RIGHTS FOR SECURITY CASES SUCH AS THOSE OF AGEE AND HOSENBALL;

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 10685 01 OF 02 281643Z

-- A COMBINED PROGRAM DESIGNED TO STIMULATE EMPLOYMENT AND REDUCE GOVERNMENT WASTE; AND

-- A FORMAL ENDORSEMENT OF THE ULTIMATE AGREEMENT BY THE PARLIAMENTARY LABOR PARTY (THE LIBERAL PARLIAMENTARY BLOC TOO WOULD HAVE TO APPROVE OF THE AGREEMENT).

2. THE PRESS STRESSED THAT THE CALLAGHAN/STEEL MEETING WAS JUST TO DISCUSS THE LIBERAL GOALS AND TO EXCHANGE VIEWS AS TO THEIR ATTAINABILITY. THE DETAILS UNDER EACH OF THESE THEMES WILL BE WORKED OUT IN MEETINGS BETWEEN CABINET MEMBERS AND THEIR LIBERAL FRONTBENCH COUNTERPARTS. STEEL SUBSEQUENTLY TOLD THE PRESS THAT HE HOPED THE NEGOTIATING PROCESS COULD BE COMPLETED AND ENDORSED BY THE PLP BY THE END OF JULY. HIS PARTY ATTACHES GREAT IMPORTANCE TO PLP APPROVAL BECAUSE LIBERAL MPS RECOGNIZE THAT THE CURRENT PACT WAS WORKED OUT WITHOUT CONSULTATION OF LABOR BACKBENCHERS AND THAT THE PLP THEREFORE HAS NO SPECIFIC OBLIGATION TO SUPPORT ANY OF THE DISCRETE LIBERAL PROPOSALS ACCEPTED BY THE GOVERNMENT.

3. THE MEDIA GAVE EXTENSIVE COVERAGE TO THE WEEKEND MEETING OF LIBERAL MPS AND PEERS WHICH PRECEDED STEEL'S REUNION WITH CALLAGHAN. MP CYRIL SMITH, THE FORMER

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 10685 02 OF 02 281642Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 /058 W
-----113516 281750Z /47

R 281631Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5616
INFO AMCONSUL BELFAST
AMCONSUL EDINBURGH

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 10685

LIBERAL WHIP, ANNOUNCED HIS OPPOSITION TO EXTENSION OF THE PACT TO THE PRESS AS HE ENTERED THE LIBERAL MEETING PLACE. TWO OR THREE OTHER LIBERAL MPS REPORTEDLY SHARE SMITH'S VIEW. AND THE LIBERAL MEETING WAS SOMEWHAT STRAINED AS A RESULT.

4. COMMENT: IT SEEMS EVIDENT THAT THE LIBERAL PACKAGE REPRESENTS THEIR OPENING BARGAINING POSITION. WHAT WILL EMERGE FROM THE BARGAINING SESSIONS BETWEEN THE RESPECTIVE FRONTBENCH REPRESENTATIVES OF BOTH PARTIES. HOWEVER, IS OBSCURE, THOUGH THE GOVERNMENT WOULD SEEM TO HAVE LITTLE PROBLEM WITH MOST OF THE LIBERAL THEMES. THE NEGOTIATIONS, HOWEVER, WILL PROBABLY TAKE CONSIDERABLE TIME. THE APPARENT LIBERAL EXPECTATION THAT A WELL-DEFINED PACKAGE CAN EMERGE BY THE END OF JULY MAY ALSO BE FRUSTRATED BY PARLIAMENTARY PRACTICE WHICH DICTATES THAT THE CONTENT OF THE QUEEN'S SPEECH REMAINS SECRET UNTIL JUST BEFORE ITS DELIVERY. IF, ACCORDINGLY, THE LIBERALS STICK TO THEIR GUNS AND REFUSE TO EXTEND THE PACT WITHOUT A FORMAL UNDERTAKING FROM THE GOVERN-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 10685 02 OF 02 281642Z

MENT AND THE PLP, RENEWAL WOULD BE UNLIKELY BEFORE
EARLY NOVEMBER.

5. THE LIBERAL DEMAND THAT THE ACCORD BE RATIFIED BY
THE PLP COULD ALSO CAUSE CALLAGHAN SOME TROUBLE. WHILE
THERE IS LITTLE DOUBT THAT AN OVERWHELMING MAJORITY OF
LABOR MPS FAVORS RENEWAL OF THE PACT AND WOULD ENDORSE
MOST ANY PACKAGE WORKED OUT BY THE GOVERNMENT, IT SEEMS
PROBABLE THAT A CONSIDERABLE NUMBER OF LABOR MPS --
MOSTLY LEFT-WING -- WOULD NOT WISH TO BIND THEMSELVES IN
ADVANCE TO SUPPORT THE LIBERAL PROPOSALS. THIS SITUA-
TION SUGGESTS THAT THE LIBERALS MAY HAVE TO BE SATISFIED
WITH A PLP ENDORSEMENT HAVING SOME KIND OF ESCAPE
CLAUSE. BOTH THIS PROBLEM AND THAT OF THE TIMING OF THE
RENEWAL ARE PROCEDURAL, RATHER THAN SUBSTANTIVE, ISSUES,
AND IN THE FINAL ANALYSIS SHOULD BE OVERCOME BY THE
COMMON INTEREST OF BOTH PARTIES IN AVOIDING AN ELECTION
IN THE NEXT 12 TO 18 MONTHS.

BREWSTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY LEADERS, MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON10685
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770230-1107
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770611/aaaaajjx.tel
Line Count: 196
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 93179e73-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LONDON 10614
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2011220
Secure: OPEN
Status: NATIVE
Subject: LIBERALS STAKE OUT BARGAINING POSITION
TAGS: PINT, PGOV, UK, (STEEL, DAVID), (CALLAGHAN, JAMES)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/93179e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009